

FISCAL NOTE

HB 3776 - SB 4035

February 27, 2008

SUMMARY OF BILL: Exempts the retail sale of livestock and poultry feeds from state and local sales tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$1,525,400

Decrease Local Revenue - \$490,300

Assumptions:

- According to the Department of Revenue, and based on the 2002 Census of Agriculture, Tennessee farm expenditures were approximately \$387.0 million in 2002.
- Farm expenditures are estimated to have grown by two percent per year since 2002.
- Farm expenditures adjusted for natural growth are estimated to be \$435,825,000 per year.
- Five percent of farm expenditures (\$21,791,300) are for livestock and poultry feeds.
- The current state sales tax rate is seven percent.
- The decrease of state revenue is estimated to be \$1,525,400 ($\$21,791,300 \times 7.0\% = \$1,525,391$) per year.
- The local option sales tax rate is estimated to average two and one-quarter percent.
- The decrease of local revenue is estimated to be \$490,300 ($\$21,791,300 \times 2.25\% = \$490,304$) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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